

**MINUTES OF THE
JOINT CAPITAL FACILITIES & ADMINISTRATIVE SERVICES
APPROPRIATIONS SUBCOMMITTEE
FRIDAY, JANUARY 31, 2003, 2:00 P.M.
Room 403, State Capitol Building**

Members Present: Sen. Beverly Evans, Committee Co-Chair
Rep. Loraine T. Pace, Committee Co-Chair
Sen. Greg Bell
Rep. Ralph Becker
Rep. DeMar “Bud” Bowman
Rep. D. Gregg Buxton
Rep. David Clark
Rep. Brent H. Goodfellow

Members Absent: Sen. Mike Dmitrich
Rep. Roger Barrus
Rep. Stephen Clark
Rep. Wayne Harper

Staff Present: Kevin Walthers, Fiscal Analyst
Jonathan Ball, Technology Analyst
Bonnie Brinton, Committee Secretary

List of those also present: Alan Edwards, Director, Risk Management
Bob Wylie, Accountant, Risk Management
Robert Woodhead, Director, Archives
Camille Anthony, Executive Director, DAS
Gwen Anderson, Director, Office of State Debt Collection
Douglas Richins, Director, Purchasing

List of others present on file.

Co-Chair Evans called the meeting to order at 2:05 p.m.

1. Risk Management

Co-Chair Evans presented a short biography of Director Alan Edwards.

Kevin Walthers, Fiscal Analyst, reviewed the State agency premium increases. He is recommending approval of rate increases totaling \$825,100 for all State agencies. In the past the Legislature fully funded insurance increases even though official requests assumed that agencies would fund one-third of the impact. This year the Analyst recommends that agencies absorb impacts within existing budgets in order to provide

additional flexibility in funding statewide priorities.

Mr. Walthers further stated that the Utah System of Higher Education must fund the biggest single impact for insurance. Regarding the Workers Compensation Payroll Project, last year the Legislature authorized the use of \$800,000 in retained earnings from the Workers Compensation program to fund part of the statewide payroll project.

Both the Analyst and Co-Chair Evans expressed appreciation to Mr. Edwards and the Risk Management Division for the assistance they have given in supplying funds for adjustments in the budget.

Mr. Edwards explained to the Committee members that the liability insurance program is entirely self funded, while the property insurance program is self-funded up to a \$2.5 million deductible with a private carrier.

Bob Wylie, Accountant, Risk Management, explained the sources of Restricted Revenue.

MOTION: Rep. Goodfellow moved to accept the Analyst's recommended budget for Risk Management in the amount of \$1,176,100, with a total FTE of 25.

The motion passed unanimously.

2. Archives

Co-Chair Evans presented a short biography of Director Robert Woodhead.

Mr. Walthers discussed the Employee Retention issue in the Division of Archives. In 2001, Archives lost approximately 15% of its employees, and that compensation for professional archivists employed by the Division lags 6.2% behind market average. During the 2001 General Session, the Legislature allocated \$100,000 for salary equity issues within the Division which was having difficulty attracting and retaining key employees. However, since the funds were appropriated, the Executive Branch offered FTE cuts in excess of the amount provided in 2001. The problem of employees leaving has been alleviated somewhat as the job market has tightened up and employees are more permanent.

The Analyst stated that as part of the budget adjustments made in FY 2002, the Executive Branch proposed, and the Legislature ratified, a proposal by the Department of Administrative Services to cut two FTE's and reduce the Archives budget by \$58,000. As FY 2003 cuts were considered, another \$102,600 was cut from Archives personal

services, leaving the Division \$60,000 behind where it was two years ago when the budget was in “crisis.”

Mr. Walthers reported that during the 2000 General Session, the Legislature redirected non-lapsing funds to the Division of Archives for a two-year project to process records from Governors Rampton and Matheson that were safely stored, but never cataloged. This record processing is nearly 70% complete.

Mr. Woodhead stated that patron services have increased due to the web site which has been created; at the same time, providing employees with the opportunity to work at other tasks. He also recognized the efforts of employees working in rural areas to film materials.

The two main copy machines at Archives are worn out and will need to be replaced at a cost of \$100,000.

Rep. Clark thanked Mr. Woodhead for the interesting and informative visit the Committee members made to Archives. He asked for a clarification on the qualifications for positions in the Archives Division.

Executive Director Camille Anthony, Department of Administrative Services, reviewed the process by which Mr. Woodhead was hired as Director. She stated that she is very pleased with the work he is doing, his managerial skills and the moral of the employees in Archives. She commended him on his commitment and service to the Division.

Rep. Becker expressed his feelings of concern that the Division of Archives is falling behind because of funding cuts and expressed a desire to increase funding if at all possible.

Mr. Woodhead responded by saying that the quality of work is high and constant, but the Division is not able to meet all of their responsibilities at the present time.

MOTION: Sen. Bell moved to accept the Analyst’s recommended budget for the Division of Archives in the amount of \$1,872,800, with 30 FTE’s.

The motion passed unanimously.

3. Office of Debt Collection

Co-Chair Evans gave a short biography of Gwen Anderson, Director.

The Analyst stated that this Office collects past due debts to the State, and the program contracts with private vendors to assist in the collection of outstanding debt. Revenue is generated for the program by assessing an administrative fee against each collection. No tax funds are appropriated to this program.

Regarding the use of Retained Earnings, Mr. Walthers stated that in FY 2001, the Legislature reallocated the General Fund subsidy for the Office of State Debt Collection to other needs in state government. Since that time, retained earnings increased to a point that the fund became a supplemental source to balance the current year state budget.

Mr. Walthers further explained that OSDC operates differently than other ISF Agencies, and one concern with the conversion of OSDC to an Internal Service Fund was in the ability of the Division to continue to make enough profit to cover expenses. In reality, OSDC is not an Internal Service Fund. Internal Service Funds provide general service to other state agencies - the OSDC collects past due bills for other agencies, but their funding is from debtors rather than state agencies. If the Legislature chooses not to act on this issue during the General Session, the Analyst recommends that DAS present this issue to the Government Operations Interim Committee for further review in the 2003 Interim.

Despite annual predictions that the program would break even, the Analyst said, OSDC's retained earnings has climbed each year since 1999. The FY 2003 projection assumes flat revenue and the transfer of \$67,100 to the Former Governor's Project at the State Archives. There was also a supplemental reduction of \$500,000 in retained earnings used in the Sixth Special Session to fund statewide needs.

Ms. Anderson explained the debt collection process and responded to questions from Committee members. She stated that this Office provides funding for the Legislature at no cost and that an attorney from the Attorney General's office has been hired.

Co-Chair Evans stated that the Legislature has gone to this Division for funding to balance the budget.

MOTION: Rep. Buxton moved to accept the Analyst's recommended budget of \$72,000, with 5 FTE's.

The motion passed unanimously.

Mr. Walthers stated that since OSDC must hire private collectors to recover past due debts, they must also incur legal and administrative costs. He believes that this added cost should be borne by debtors and not other taxpayers. To ensure that expenses for this

program are paid by those creating the costs, the Analyst has drafted intent language to include in the Appropriations Act which would accomplish this.

MOTION: Rep. Clark moved to accept the following intent language:

It is the intent of the Legislature that the Office of State Debt Collection be authorized to establish reasonable costs of collection to be passed onto the debtor including attorney fees, all legal costs and administrative costs unless inappropriate or prohibited by law.

The motion passed unanimously.

4. Purchasing

Co-Chair Evans introduced Mr. Doug Richins, Director, and complimented this Division for implementing cost-effective methods of purchasing.

The Analyst stated that the Division of Purchasing and General Services was a result of the reorganization of the Department of Administrative Services. The procurement function that enables other agencies to contract for goods and services remains a General Fund function. Other programs operate as Internal Service Funds and are considered separately in the ISF section of the budget.

Mr. Walthers explained the online bidding process used by vendors who wish to do business with the state. He stated that the Division should be complimented for using technology to further open access to taxpayers.

Committee members were given a random sample of state contract prices to show the savings available. State agencies account for half of all purchases made through the Division of Purchasing. Local government numbers fluctuate from irregular patterns of fleet purchases and non-standardized reporting procedures. Mr. Richins explained the use of the Purchasing Card or P-Card and stated that it streamlines management and offers control and is a great tool when used appropriately. Each card carries pre-established monthly credit limits.

The Central Mailing service was discussed by Mr. Walthers. The State Mail provides mail services for agencies throughout the State. The automation of mail functions in a centralized facility reduces the time that agencies spend on these functions and increases overall efficiency. The Analyst recommends approval of \$92,000 in capital outlay for FY 2004 to purchase equipment. The recommendation does not include prior authorizations.

In addition, he recommends capital outlay for FY 2004 a total of \$2,285,900 for new copiers, replacement copiers, and a new stitch and fold machine. He stated that last year the Legislature expressed concern over the number and dispersion of expensive copier/publishing systems. In response, the Division consolidated operations and reduced equipment. The result is a return to profitability that enables the program to begin to reverse mounting losses in retained earnings.

MOTION: Rep. Becker moved to accept the Analyst's recommended budget of \$14,607,400, with 63 FTE's.

The motion passed unanimously.

MOTION: Rep. Bowman moved to approve the minutes of January 24 and January 27, 2003.

The motion passed unanimously.

Mr. Walthers distributed a handout giving information regarding the Utah FTE Count and responded to questions from Committee members.

Rep. Buxton was joined by other Committee members in congratulating the Directors present with the efficiency used in running the departments of the State government.

Proposed intent language for the Division of Archives was distributed for review by Committee members.

MOTION: Rep. Bowman moved to adjourn the meeting.

The motion passed unanimously.

The meeting was adjourned at 3:40 p.m. by Co-Chair Evans.

The minutes were reported by Bonnie Brinton

Sen. Beverly Evans
Committee Co-Chair

Rep. Loraine T. Pace
Committee Co-Chair

